

Exchange Stakeholder Involvement Council

Meeting Notes

October 7, 2010

I. Call to Order and Welcome by Commissioner Lindeen

Montana Commissioner of Securities and Insurance Monica J. Lindeen called to order the regular meeting of the Montana Health Benefit Exchange Stakeholder Involvement Council at 1:00pm on October 7, 2010 in Room 152 of the Montana State Capital. The Commissioner gave a brief overview of the Exchange grant planning process to begin the meeting.

II. Introduction of Project Manager and Stakeholder Council Members

Commissioner Lindeen conducted a roll call. The attendees introduced themselves by giving their name and a brief description of the organization they were representing, as well as finishing the sentence, “*A successful Exchange will...*”

- A. Kiki Hubbard, Center for Rural Affairs: ... *take into account the unique circumstances rural Montanans face when accessing health care and coverage, should not just be web based and make sure we have effective outreach when the exchange goes into place. We believe it should have one insurance pool.*
- B. Mark Wakai, St. Patrick Hospital: ...*should include consistent and objective participation and eligibility criteria. Setting up a duplicate regulator- framework is unnecessary. It should have minimum amounts of disruption to currently insured consumers and not restrict the number of insurers.*
- C. Erin MacLean, Montana Medical Association: ... *encourage freedom of providers and patients to choose care and treatment.*
- D. Laurie Francis, Montana Primary Care Association: ... *represent those who are uninsured and have limited access to health care coverage and achieve quantifiable improvement in all areas of health outcomes and lower costs for all.*
- E. Tom Bilodeau, MEA-MFT: ... *consolidate administrative expenses for health insurance programs and allow for quality, cost-controlled insurance options for all Montanans.*
- F. Gary MacLaren, Montana House of Representatives: ... *provide increased access, affordability and protections, will be consumer-centered and allow plan selection by employer or multiple employers, use pre-tax, and minimize adverse selection.*
- G. Don Creveling, Montana Association of Healthcare Purchasers: ... *create an economy of scale of a large pool of participants and focus on the management of data to manage the quality of coverage.*

- H. Kristianne Wilson, Billings Clinic: *...engage consumers and payers in an open, transparent process and be done in a way that does attract enough consumers to reduce the amount of uninsured.*
- I. Jackie Helt, SEIU Healthcare #775: *...provide ease of access to coverage, regardless of geographic location, education or, occupation. People find current systems to be complicated. It is important that we create something that ensures an ease of access portal.*
- J. Kim Abbott, MT Human Rights Network: *...create equitable access to quality healthcare for all Montanans.*
- K. Kristin Page Nei, American Cancer Society Cancer Action Network: *...achieve adequate, available, affordable, simple administration for all who want it, regardless of health status.*
- L. Tim Warner, Blue Cross Blue Shield of MT: *...be a Montana-made solution for greater access to quality, affordable healthcare for all Montanans.*
- M. David Kendall, Third Way: *...create a program that makes it easy to enroll in coverage and offer better choices.*
- N. Brian Magee, MT Nonprofit Association: *...create a program that improves accessible, quality coverage.*
- O. Amanda Harrow, MT Small Business Alliance: *...make health care affordable and accessible to small business employers. It will ensure transparency for consumers, employees and employers, provide quality care, maximize value for premium dollars, improve consumers health, maximize economy of scale, lower adverse selection and make it easy for consumers and employers to navigate through the process.*
- P. Claudia Clifford, AARP Montana: *...improve access to coverage for those who are still working. For those who are retired and going on Medicare, the Exchange must interface with other public systems to make it easy for consumers to understand the transition. The Exchange can be an instigator to improve quality, affordability and accessibility of coverage to all.*
- Q. Tanya Ask, NewWest Health Services: *As an insurer that operates only in Montana and employs small and large employers, the exchange must have good consumer information available so they can choose the plan that is best for them. The exchange should have uniform data sets with national standards and create a uniform regulatory structure across the entire market.*
- R. Todd Lovshin, Allegiance Life and Health Insurance: *As a small, domestic insurer, the exchange will be one that encourages competition and includes all carriers. In the end, the exchange will offer plans that are uniform, and include essential benefits and a structure that makes it easy to comply with regulations.*
- S. Angela Dowling, Independent Insurance Agents of MT: *...increase insurance availability in the market, market plans, increase opportunities so that people can afford insurance, and maintain the role of agents.*

- T. Kathy Burton, National Association of Insurance and Financial Advisors:
As an organization that represents health and financial agents, an exchange will allow opportunities for agents to continue to be advocates and provide all coverage that is out there. The goal should be that the best match product is selected for the client.
- U. John Flink, MHA, An Association of Montana Health Care Providers:
...increase access, affordability, choice, and see providers as partners and be included in the process.
- V. Aiden Myhre, Pfizer/Med X 12: *...recognize that technology plays a role and pharmaceuticals play a role in the quality and cost of care, and also recognize the exchange has an education component that can create value and understanding to consumers.*

III. Discussion of Public Participation and Interagency Council

IV. Overview of the Exchange Draft Legislation for the 2011 Session, Led by General Counsel, CSI, Christina Goe

- A. Please submit comments by October 22, 2010
- B. Minimum Federal Affordable Care Act requirements with Montana specific solutions and governance structure.
- C. Section by Section analysis:

MONTANA EXCHANGE LEGISLATION SUMMARY

SECTION 1. ESTABLISHING THE EXCHANGE AUTHORITY

Establishes the exchange authority as a quasi-governmental entity under the supervision of the insurance commissioner.

The exchange authority will be governed by an appointed board and will be incorporated as a nonprofit corporation.

Open meeting laws and the public's right to know apply to this entity.

SECTION 2. DEFINITIONS

SECTION 3. BOARD APPOINTMENTS

Four board members will be appointed by the commissioner and must have experience with health care financing issues, including one actuary.

Three board members will be appointed by the governor, including the director of the state employee health benefit plan, the deputy director of the Medicaid division, and one consumer advocate with significant experience in health care financing issues.

Two nonvoting board members: one from the governor's staff and one from the commissioner's staff.

No board member may be affiliated with a health insurer or insurance producer organization in any way.

Initial board appointments must be made by July 1, 2011.

SECTION 4. EXCHANGE AUTHORITY STAFF

The board will hire the executive director.
Sets forth the duties of the executive director.
Allows the hiring of additional professional staff.

SECTION 5. POWERS AND DUTIES OF THE COMMISSIONER

The commissioner will adopt rules to implement the provisions of this part and the provisions of any subsequent federal regulations.

The commissioner will also approve or disapprove the plan of operation proposed by the board and the administrative fees that the board will impose on insurers; develop a uniform health insurance application; and conduct periodic audits of the exchange authority.

SECTION 6. GENERAL REQUIREMENTS FOR THE EXCHANGE AUTHORITY

The exchange shall facilitate the purchase and sale of qualified health plans, establish a SHOP exchange, and begin making plans available on January 1, 2014.

Accompanies bill draft as of 9/29/2010 For more information, contact Jackie Boyle, 444-3152 or Jesse Laslovich, 444-5789 MONTANA EXCHANGE
LEGISLATION SUMMARY

SECTION 7. POWERS AND DUTIES OF THE BOARD

Includes more separate, mandatory and optional duties and powers, including all of the functions delegated to the exchange in the ACA, such as certifying qualified plans, rating health insurers, establishing a web portal, making initial eligibility determinations for federal tax credits; and granting affordability exemptions from the individual responsibility requirement.

Other powers and duties include creating an administrative structure by doing such things as drafting a plan of operation, assessing fees on participating insurers, adopting bylaws, creating reports, advertising the exchange, and interacting with state and federal agencies.

In addition, the board is instructed to explore ways to facilitate ease of enrollment for small employers, encourage plan designs that reduce healthcare costs and promote disease prevention and wellness, establish guidelines for the role of producers inside the exchange, encourage consumer choice, while avoiding duplicative and confusing plan designs, and encourage the participation of additional health insurers.

SECTION 8. HEALTH PLAN CERTIFICATION

The exchange may certify a health plan if: the plan provides the essential health benefits package required by federal law and provides at least bronze level of coverage.

The health insurer offering coverage must be licensed and in good standing in Montana, has received rate and form approval for the plan, offers at least silver and gold levels of coverage, offers all plans at the same premium rate and complies with all applicable state and federal law.

SECTION 9. ESTABLISHING AN ADVISORY COMMITTEE

The commissioner and the board may create an advisory committee consisting of 15 members, including stakeholders from the insurance industry, health care providers, consumer advocates and other stakeholders.

This committee facilitates and formalizes input from stakeholders who are barred from being board directors due to a conflict of interest.

The advisory committee could provide input to the board and the commissioner on issues such as the creation of the plan of operation and proposed administrative rules.

SECTION 10. FUNDING FOR THE EXCHANGE AUTHORITY

Specifies that funding required to operate the exchange authority will come from federal and private grants and from fees on health insurers. No state funding will be used.

SECTION 11. REQUIRED REPORTS

Beginning in April 2015, the board is required to produce a written report to the governor, the commissioner and legislature detailing the operation of the exchange, health plans available, experience of the plans, plan rates, administrative costs, complaints against the exchanges, utilization of the exchanges, markets inside and outside of the exchange, and other information. In August 2012, the board and the commissioner will jointly produce a report(s) that examines topics relevant to making the exchange successful: the feasibility of merging the individual and small group market in 2014, the possibility of a multi-state exchange, and strategies to avoid adverse selection inside the exchange and others.

SECTION 12. DEFINED CONTRIBUTION PLAN INSIDE THE EXCHANGE

As a way to encourage enrollment in the small employer group exchange, a plan similar to the Utah defined contribution plan is proposed as an option for employers.

A defined contribution plan allows employers or multiple employers of a single individual to contribute a defined percentage of premium to a plan that is selected by the employee from the same “actuarial tier,” i.e. bronze, silver or gold, chosen by the employer in the SHOP exchange for that 12-month period.

If an employer chooses to offer such a plan, the employer may not offer major medical coverage that is not part of the defined contribution arrangement.

The employer will determine the contribution amount, which must be a percentage of the premium to be established in rule. *Cannot use flat fee, pre-tax mechanism, auto enroll employees, make sure it encourages and not allow adverse selection. Carriers will not be choosing min.*

SECTION 13. HEALTH PLAN REQUIREMENTS INSIDE AND OUTSIDE THE EXCHANGE

Limits the number of plan designs that an insurer can offer inside the exchange to 3 in each actuarial tier (bronze, silver, gold and platinum).

Requires that participating exchange insurers that are required to offer silver and a gold plan inside the exchange, must also offer silver and a gold plan outside the exchange, unless the insurer does not operate outside the exchange.

Requires insurers who offer a bronze plan outside the exchange to also offer a bronze plan inside the exchange.

Requires that insurers that operate both inside and outside the exchange must follow the same network adequacy rules for HMO's and PPO's and must use the same network for their health plans offered inside and outside the exchange. Insurers must offer a network-based plan inside the exchange if a network-based plan is offered outside.

Make a comment to control number of plans inside. Too much choice is not consumer friendly. 3 in each actuarial tier by each insurer. Offer essential benefits. Qualified health plan.

Gold and silver in and outside of exchange. Unless not participate outside.

If offer bronze outside, must offer inside the exchange.

Offer networks inside/outside that are the same

V. Questions

- A. Kathy Burton: 1. Defined contribution. Employer has to decide rate. If the employee gets to choose any within silver bracket does pricing change within bracket? Can employer control cost? If they pay a flat 50%, why not choose highest in tier? *Different costs within silver. Will be risk adjusted within defined contribution. Risk adjusted within whole exchange. Same offered in here. Older people will end up lower contribution of their premium. Risk adjustment may help.*
- B. Kathy Burton: employees are automatically enrolled. Employee's dependents automatically enrolled. *Can't dictate beyond employee.*
- C. Todd Lovshin: last comments on health plan requirements on inside/outside exch. If carrier inside and operates offer. Same plans outside. If choose not to operate inside, then no barriers? *No. If offer bronze outside then must offer inside*
- D. David Kendall: very good. Did you consider a new kind of innovation in health care delivery? (medical homes, ACO's) Consult with other purchasers? Coordinated with other purchasers (state employees, etc) Defined contribution- whether an amount or %, subsidize wasteful insurance companies. If everyone has to pay 50-80%, then subsidize waste. Maybe could be defined based on age bracket.
- E. Laurie Francis: as you look around country, what are other states doing? Board selection criteria, state funding. *By law have to be self-sustaining. Outside of insurer assessment. This assessment should be less, not bearing any risk. Strategic planning. Reaching populations that are not in programs. Planning process. Patient centered med home. Any drafts that emphasize quality. One of the first out of the gate. There is the model, but does not address governance or NAIC subgroup that is working on adv selection. Team that is working on coordination with Medicaid and CHIP. Commissioners meeting to facilitate for uniform*

plan for enrollment, IT systems. Hope is that additional sections to model as suggested options. Numerous governance options. What majority of states not sure. CA passed very bare bones, ACA, fed grant, established. Board is based on existing models in state law.

- F. Gary MacLaren: if an insurer does not want to participate. *If offer bronze outside the Exchange, must also offer bronze inside.*
- G. Don Creveling: outcome based payment system. *Part of what is intended. Research issues, must explore options. Promoting qualified plan designs that offer these models. Incubator for that enables people to use subs. To sign up and are saving money in long run. Cannot put too much detail in at this point. Federal regulations are published. How tax credits will work become clear in regulations.*
- H. Angela Dowling: within draft employee groups 100 employees or less. *Allowed to go to 100. Encourage size in Exchange. If employer of 100 wants to be in, then they should not be prohibited. Are other states? Many states will stay at 100. Navigator vs. broker/agent. Talked about and discussed in NAIC Committee. No guidance as to what navigator role is/ supposed to be. More guidance in regulations. We don't know that regulations done in time to incorporate in bill. Do not want to define navigator different then feds. Will you define agent role more that what is in here? EA Board with guidance from stakeholder council.*
- I. Kristin Page Nei: Health Plan certification. *Is it spelled out for how long they are certified? How often are they reviewed? Every 12 months. Will claims data be utilized? How well proven benefits are being utilized? Claims data to determine what is working? Not thru certification, cert as qhp (legal); also rate health plans. Could come out in rate health plans. What kind of rate increases and issues mentioned*
- J. Claudia: Very strong start. Enormous commitment. *Where to go when no one else has gone yet. Part of puzzle. We agree with Christina Goe on the great advantage to include as many people as possible. What will happen to Insure MT? Deal with in 2013? 2011 session? Obviously we feel strongly about Insure MT program, so successful. See IM as mini-exchange. Probably going to have to work with board as exchange take place. Be included in SHOP exchange. See a big role for program to continue.*
- K. Todd: some employers purchase with association sponsored plans. *Unanswered questions. Consider to be large groups. We don't have a ready answer to that.*

VI. Overview of Grant, Led by Grant Manager, CSI, Christa McClure

- A. Christa McClure gave her background in grant managing, including nonprofit experience.
- B. Christa welcomes input from everyone so we get the type of exchange that will work for Montana. Please bring comments, input, to assist us in process.
- C. *We are doing background research and involving interagency groups. We have many people to assist us in assessments. As we meet regularly, we will bring you those results. We will be sharing where we are and where we are going with you and getting your feedback regularly.*
- D. Christa gave an overview of the grant project abstract summary. *At any time if you want to go thru grant proposal, it is on the website. Please bring questions to the meetings.*
- E. *I will be reporting on status, bring other agency members and contractors with their reports.*
- F. *Bring comments as often as possible.*

VII. Public Comment

- A. Chuck Butler, thanked and commended staff on work done, represented self and family. Report came out other day confirming that Montana ranks 42nd in highest number of uninsured. Exchange can perhaps go a long way to bring us up in the ranks. If the insurance industry was required to charge nothing to administer the claims and do their jobs, insurance premiums will still go up because cost of medical care is going up. In 2002, paying \$10,000 then went to \$12,000 per year. Now under Medicare will only pay a few thousand. Not just Montana. People of US cannot afford this stuff. If insurance companies charged nothing, the cost will still go up.
 Suggestion: Section 7: powers and duties. In addition, ease of enrollment, emphasis that encourages plan designs that encourage health care costs. Nothing will keep cost from rising out of affordability unless there is a handle on health care costs, has spoken to many on this issue.
 Last few days that MUST 2009 annual report for MUST. Save school districts reduce costs of administration. Believe they could hire TPA and save money as opposed to insurance companies. Recently switched from MT based to OR based. Claims costs are causing them to go bankrupt. On behalf of families, if we don't get a handle on rising cost of medical care through Exchanges, we will never have handle of uninsured. They cannot afford medical care or insurance.
- B. Garfield Little Light, HIS: Hoped to propose to Goe, but in ACA, how does it apply to Indians. Couple items single out to AI population. Exemptions, one of the things that I understand specifics to American

Indian population, coordination of activities with Medicaid and CHIP, some provisions for American Indian population. Not only our population on reservations, but also in urban areas, put that on record.
Get answers to you

VIII. Comments from Commissioner Lindeen

The Exchange will help consumers become better health care consumers, the insurance industry changing how it does business, and I'm impressed with conversations with medial community and their willingness to step outside box to change. Everyone will have to look how to change how we do business. We want a made in Montana solution. I am hopeful and tend to be positive.

IX. Next Meeting Time and Date

Commissioner Lindeen: *All meetings will be archived and available, agenda and meeting materials will be available on the website. Meetings will be the 1st week of every month. I would like to have the next two meetings outside of Helena, and from January to May we will not be able to leave Helena because of the legislature session. I suggest the next meeting to be in Missoula. I suggest the December meeting to be in Billings.*

A. Claudia Clifford: *Will there be a call in option for all meeting? At some point, can we see a work plan for the planning grant? Please make the deadlines certain for comments. Will you share each other's comments with Council?* Commissioner Lindeen: *Yes. Yes. October 22, 2010 is the deadline for comments on legislation. Yes.*

B. David Kendall: *What will the next meeting's agenda contain?*

C. Christa McClure: *We will likely address the comments we have received on the legislation, and give more information on a work plan for the grant.*

X. Notes submitted by the Montana Office of the Commissioner of Securities and Insurance.